

Energy Programs at USDA

A faint, light blue and green background illustration of a rural landscape. It shows a water tower, a barn, and rolling hills.

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Rural Development

Over 40 grant, direct loan, and guaranteed loan programs to finance housing, businesses, and infrastructure in rural areas.

Program Areas:

- **Rural Housing Programs**
- **Rural Utility Programs**
- **Rural Business and Cooperative Programs**

Energy Programs

- **Section 9003: Biorefinery Assistance**
- **Section 9004: Repowering Assistance**
- **Section 9005: Bioenergy Program for Advanced Biofuels**
- **Section 9007: Rural Energy for America Program (REAP)**
- **Section 9008: Biomass Research and Development**
- **Section 9009: Rural Energy Self-Sufficiency**
- **Section 9011: Biomass Crop Assistance Program**

Section 9003

Biorefinery Assistance

- **Grants covering up to 30% of the cost of developing and building demonstration-scale biorefineries for producing "advanced biofuels," which essentially includes all fuels that are not produced from corn kernel starch.**
- **Loan guarantees of up to \$250 million for building commercial-scale biorefineries to produce advanced biofuels.**

Section 9008: Biomass Research and Development

Three research topic areas:

- **Feedstocks,**
- **Biofuels and Biobased Products Development,**
- **Biofuels Development Analysis**

Section 9007

Rural Energy for America

- **Provides guaranteed loans and/or grants for renewable energy and/or energy efficiency projects to assist farmers, ranchers and rural small businesses.**

Section 9007

Rural Energy for America

- **Program for performing energy audits—grants.**
- **Eligible use of funds can be a stand alone feasibility study.**
- **Combo (loan/grant) 75% of eligible project costs.**
- **Recently added ocean (including tidal, wave, current, and thermal) and hydro-electric.**
- **Funding increased from \$23M (08) to \$60M (09) to approx. \$90M (10). Nationally**

Section 9007

Rural Energy for America

- 2003-2009, a total of \$131.5 million in grants and \$76.7 million in loan guarantees were awarded to 1,1671 projects.
- Hawaii has been awarded \$698,000 grant funds (1-\$100,000 loan guarantee) for 14 solar projects—0.52% OF AVAILABLE FUNDS
- Want to get more projects funded for Hawaii.

Who is Eligible?

- Rural small businesses and agricultural producers
 - Rural – All of Hawaii (except Honolulu CDP) and all of the Western Pacific.
 - Agricultural Producer -- An individual or entity *directly* engaged in the production of agricultural products (including farming or ranching) that gets 50% + of their gross income from the operations

Where is Not Eligible?

U.S. Census Bureau American FactFinder

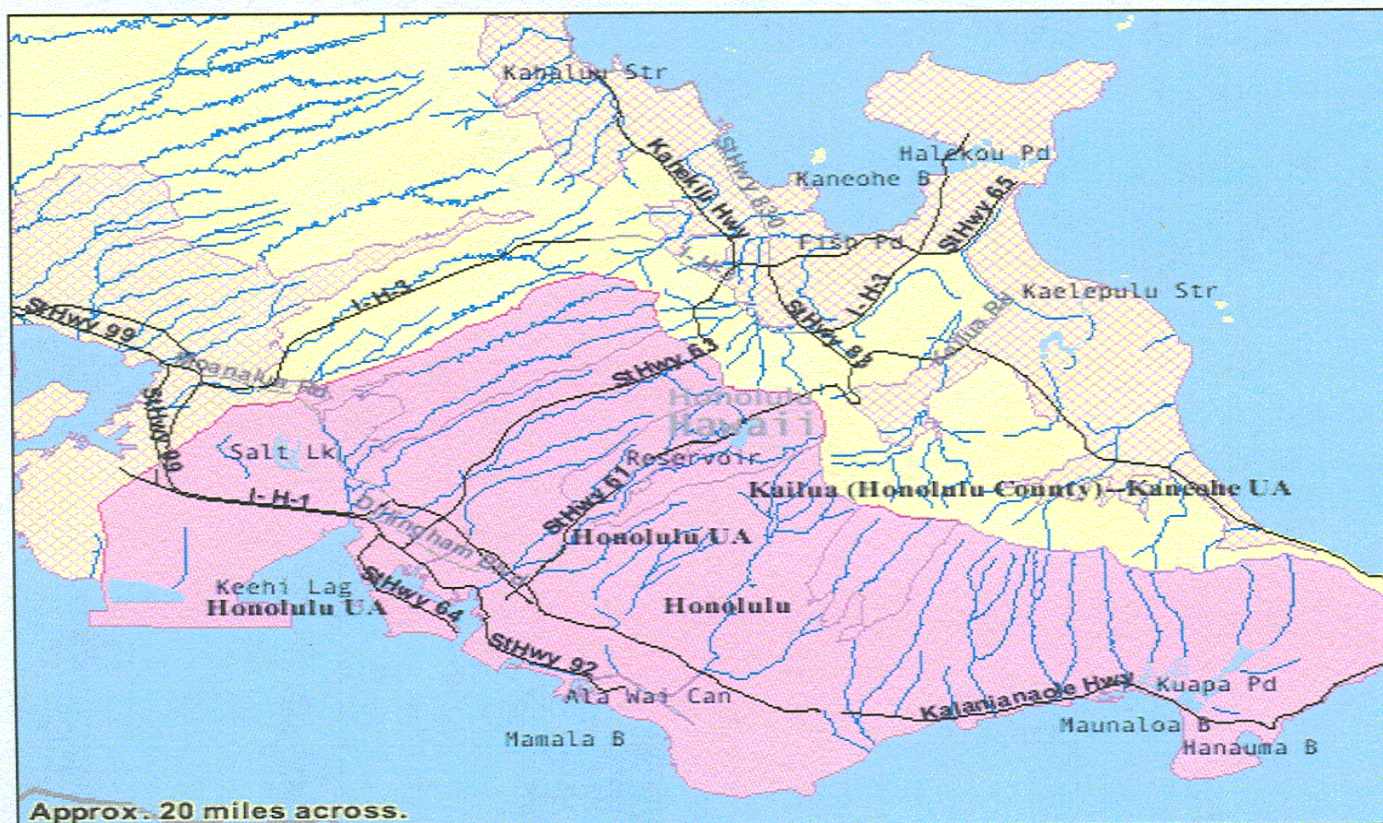
Legend

Boundaries

- State
- '05 County
- '05 Co Sub
- '05 Place
- '05 Place
- '05 Con City
- '00 Urban Area
- '00 Urban Area

Features

- Major Road
- Street
- Stream/Waterbody
- Stream/Waterbody



Who is Eligible?

Small Business – Must meet Small Business Administration (SBA) small business size standards (by number of employees or by annual receipts):

- www.sba.gov/size/index/tableofsize.html
- http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf
- **Non-profits are excluded (may be able to use other USDA RD programs).**

Who is Eligible?

Small Business/Farms/Ranches – Financial information is required on the total operation of the applicant, its parent, subsidiary, or affiliates at other locations-- must be substantiated by authoritative records.

Types of Applications

- **Grant only—less than \$200,000 in total project costs (not grant amount)—“Simplified”**
- **Grant only—greater than \$200,000 in total project costs—“Full”**
- **Guaranteed Loan—less than \$600,000**
- **Guaranteed Loan—greater than \$600,000**
- **Combination Guaranteed Loan/Grant**

Simplified Application

- **Under \$200,000 in total project costs (under \$50,000 grant)**
- **Grant funds are paid after the project is done**
 - **Usually 90% after a “shake-down” period is complete (30 days)**
 - **Remainder after all grant conditions have been met (Notice of Federal Interest in Personal Property filed with the State, etc.)**

Full Application

Total project costs greater than \$200,000 (grant greater than \$50,000)

Financial information:

- (i) Historical financial statements for past 3 yrs-- income statements & balance sheets (GAAP).**
- (ii) Current balance sheet and income statement w/in 90 days of the application.**
- (iii) Pro forma financial statements at project start-up that reflects the use of the loan/ grant; and 3 more years... supported by a list of assumptions showing the basis for the projections.**

Full Application

- **Business Level Feasibility Study by an independent, qualified consultant--must include an evaluation of economic, market, technical, financial, and management feasibility.**
- **Different contracting requirements.**
- **Different technical report requirements (more detail, more standards).**

What Projects are Eligible?

- **Any renewable energy or energy efficiency project as defined in the law.**
 - **Biomass, Anaerobic Digester, Geothermal (electric generation and direct use), Hydrogen, Wind, Solar (photovoltaic and thermal) and [small hydro and ocean energy—added 2008]**
 - **Energy Efficiency Improvements--improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot.**

What Projects are Eligible?

- **Must be the owner of the project and control the revenues and expenses of the project, including O&M (can contract this out to a third-party).**
- **Site(s) must be controlled for the financing term of any associated Federal loans or loan guarantees.**
- **Must have revenue to provide for the operation, management, maintenance, and debt service of the project.**
- **Residential use is not allowed.**

What Costs are Eligible?

- **Completing an energy audit or assessment;**
- **Only those costs identified in the energy audit/assessment for energy efficiency improvements are allowed.**
- ***Post-application* purchase and installation of equipment, *except* agricultural tillage equipment and vehicles (includes delivery vehicles, boats, tractors, etc);**
- ***Post-application* construction or project improvements, *except residential*;**

What Costs are Eligible?

- **Permit and license fees;**
- **Feasibility studies and Technical reports;**
- **Business plans;**
- **Retrofitting;**
- **Construction of a new energy efficient facility—under certain conditions;**
- **[Guaranteed loans only]**
 - **Working capital.**
 - **Land acquisition.**

What Projects are Eligible?

- **Grants request can be up to 25% of project costs**
 - **Renewable Energy:**
 - **Minimum grant request: \$2,500**
 - **Maximum grant request: \$500,000**
 - **Energy Efficiency**
 - **Minimum grant request: \$1,500**
 - **Maximum grant request: \$250,000**

What Projects are Eligible?

- **Guaranteed loan request can be up to 75% of project costs**
 - **Minimum loan request: \$5,000**
 - **Maximum loan request: \$25,000,000**
 - **% of guarantee negotiated between the lender and USDA.**
 - **Maximum percentage of guarantee:**
 - **85% for loans of \$600,000 or less;**
 - **80% for loans of \$600,001 to \$5 million; and**
 - **70% for loans greater than \$5 million to \$10 million.**
 - **>\$10M?**

Projects Funded

2008

Kealakekua Farm Management LLC

5 kW pv--\$9,000 grant; \$42,000 total

Island Dairy, Inc.

131.4 kW pv--\$250,000 grant; \$1,000,000 total

Friendly Market Center

126.5 kW pv--\$173,500 grant; \$100,000 guaranteed loan; \$694,000 total

2007

Kim Markham, Bookkeeper

8 kW pv--\$16,747 grant; \$66,987 total

2006

Moloka'i Drug Store

20 kW pv-\$45,500 grant; \$182,000 total

Malte Simmer

7.2 kW pv- \$15,195 grant, \$60,780 total

Hotel Honokaa

18.1 kW pv- \$37,500 grant, \$150,000 total

Application Processing--Grants

- **Hawaii State Office reviews for completeness and eligibility.**
- **If complete and eligible, technical report reviewed--National Renewable Energy Lab. (NREL) in Golden, CO or in-house for solar/wind/EE projects.**
- **Technical Review/Score and application score.**

Resources

- **Templates for completing Technical Reports (under \$200K in total project costs).**
- **Templates for a submitting simplified grant, full grant, guaranteed loan, and combination guaranteed loan/grant projects**
- **Telephone/e-mail assistance on completing forms, etc.**

Resources

<http://www.rurdev.usda.gov/rbs/farmbill/index.html>

USDA/Rural Development

<http://hawaii.gov/dbedt/info/energy>

DBEDT—Strategic Industries Division

<http://www.eere.energy.gov/>

**DOE/Office of Energy Efficiency and
Renewable Energy**

<http://www.findsolar.com/>

Solar Calculator

Committed to the future of rural communities.

Grant Tips

- **Read the directions in the funding notice.**
- **Follow the directions.**
- **Take the approach that you are asking strangers to invest in your project—why should they?**
- **Keep it simple—most grantors do not know your industry/situation/project.**
- **Grant writer –v- doing it yourself?**
- **More is not necessarily better.**

Summary

- **Federal funding is available.**
- **However, to get funding, one must submit an application.**

Contact Information

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